



# FACT SHEET

## *U.S.-Peru Trade Promotion Agreement* Pennsylvania Farmers Will Benefit

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to Pennsylvania's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Peruvian market. With immediate elimination of duties on nearly 90 percent of current U.S. trade to Peru, the PTPA will provide Pennsylvania producers and exporters the opportunity not only to preserve but to increase market share in Peru. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement stating that the agreement would benefit all U.S. agricultural sectors and allow the United States to become a competitive supplier of agricultural products to Peru.

Exports of farm products boost Pennsylvania's farm prices and income. Such exports support about 16,000 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$1.4 billion and made an important contribution to Pennsylvania's farm cash receipts in 2006 that totaled \$4.7 billion.

**Dairy.** As the nation's fifth largest dairy exporter with farm cash receipts of \$1.6 billion, Pennsylvania's dairy producers benefits from the PTPA.

- Under the PTPA, Peru will immediately eliminate its system of variable levies (price bands) facing U.S. exporters. Under the system, tariffs can be as high as the World Trade Organization (WTO) ceiling of 68 percent on some dairy products.
- Peru will immediately eliminate tariffs on whey.
- Both Peru and the United States will establish duty-free tariff-rate quotas (TRQs) for certain dairy products totaling 10,000 tons.
- TRQs will grow by ten percent compounded annually, with certain dairy products subject to safeguards during the tariff phase-out period.
- All Peruvian duties on dairy products will be eliminated within 17 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, the International Dairy Foods Association, and the Food Products Association publicly support the PTPA.*

**Poultry and Eggs.** As the state's fourth largest export and providing nearly \$765 million in farm cash receipts, Pennsylvania's poultry producers benefit from the PTPA.

- Peru will provide immediate duty-free access on chicken leg quarters, which currently faces a 25-percent duty (30-percent allowed by the WTO), through a 12,000-ton TRQ that expands by eight percent compounded annually. Peru will phase out the 25-percent over-quota tariff over 17 years with no reductions during the first eight years.
- Peru will phase out duties on poultry products, such as wings and breast meat, over five years and on mechanically separated meat over two years. Most tariffs on turkey products will be phased out over five years.
- Peru will immediately eliminate duties on live chicks and hatching eggs and will phase out duties on eggs for consumption over ten years.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system.
- *The National Chicken Council, the USA Poultry and Egg Export Council, the National Turkey Federation, the United Egg Association, the United Egg Producers, and the Pet Food Institute publicly support the PTPA.*

**Beef.** With farm cash receipts of \$466 million, Pennsylvania's ranchers and beef industry benefit from the PTPA.

- Peru will immediately eliminate the 25-percent duties (30-percent allowed by the World Trade Organization (WTO)) on the beef products of most importance to the U.S. beef industry – Prime and Choice cuts.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 10,000-ton tariff-rate quota (TRQ) that will grow six percent compounded annually. The 12-percent over-quota tariff will be phased out over ten years.
- Peru will provide immediate duty-free access for U.S. exports of standard quality beef through the establishment of an 800-ton TRQ that will grow six percent compounded annually. The 25-percent over-quota tariff will be phased out over 11 years.
- The United States will phase out its beef tariffs over 15 years except for those tariffs that are already duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The PTPA will continue the duty-free treatment.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, the U.S. Meat Export Federation, the US Hides, Skin and Leather Association, U.S. Livestock Genetics Export, Inc., and the Pet Food Institute publicly support the PTPA.*